



## COMMODITY FUTURES TRADING COMMISSION

### Agency Information Collection Activities: Notice of Intent to Extend Collection

### 3038-0078: Conflicts of Interest Policies and Procedures by Futures Commission

### Merchants and Introducing Brokers

**AGENCY:** Commodity Futures Trading Commission.

**ACTION:** Notice.

**SUMMARY:** The Commodity Futures Trading Commission (“Commission”) is announcing an opportunity for public comment on the proposed renewal of a collection of certain information by the agency. Under the Paperwork Reduction Act (“PRA”), Federal agencies are required to publish notice in the *Federal Register* concerning each proposed collection of information, including each proposed extension of an existing collection of information, and to allow 60 days for public comment. This notice solicits comments on the collections of information mandated by a Commission regulation dealing with conflicts of interest policies and procedures by futures commission merchants and introducing brokers.

**DATES:** Comments must be submitted on or before **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

**ADDRESSES:** You may submit comments, identified by “OMB Control Number 3038–0078” by any of the following methods:

- The Agency’s web site, at <https://comments.cftc.gov/>. Follow the instructions for submitting comments through the web site.
- *Mail:* Christopher Kirkpatrick, Secretary of the Commission, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW., Washington, DC 20581.
- *Hand Delivery/Courier:* Same as Mail above.

Please submit your comments using only one method. All comments must be submitted in English, or if not, accompanied by an English translation. Comments will be posted as received to <https://www.cftc.gov>.

**FOR FURTHER INFORMATION CONTACT:** Andrew Chapin, Associate Chief Counsel, Market Participants Division, Commodity Futures Trading Commission, (202) 418-5465, email: [achapin@cftc.gov](mailto:achapin@cftc.gov).

**SUPPLEMENTARY INFORMATION:** Under the PRA,<sup>1</sup> Federal agencies must obtain approval from the Office of Management and Budget (“OMB”) for each collection of information they conduct or sponsor. “Collection of Information” is defined in 44 U.S.C. 3502(3) and 5 CFR 1320.3 and includes agency requests or requirements that members of the public submit reports, keep records, or provide information to a third party. Section 3506(c)(2)(A) of the PRA, 44 U.S.C. 3506(c)(2)(A), requires Federal agencies to provide a 60-day notice in the *Federal Register* concerning each proposed collection of information, including each proposed extension of an existing collection of information, before submitting the collection to OMB for approval. To comply with this requirement, the Commission is publishing notice of the proposed collection of information listed below. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.<sup>2</sup>

*Title:* Conflicts of Interest Policies and Procedures by Futures Commission Merchants and Introducing Brokers (OMB Control Nos. 3038–0078). This is a request for an extension of currently approved information collection.

*Abstract:* On April 3, 2012, the Commission adopted Commission regulation 1.71 (Conflicts of interest policies and procedures by futures commission merchants and

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<sup>1</sup> 44 U.S.C. 3501 *et seq.*

<sup>2</sup> 44 U.S.C. 3512, 5 CFR 1320.5(b)(2)(i) and 1320.8 (b)(3)(vi).

introducing brokers<sup>3</sup> pursuant to sections 4d(c)<sup>4</sup> of the Commodity Exchange Act (“CEA”).<sup>5</sup> Commission regulation 1.71 generally requires that, among other things, generally that, among other things, futures commission merchants (“FCM”)<sup>6</sup> and introducing brokers (“IB”)<sup>7</sup> develop conflicts of interest procedures and disclosures, adopt and implement written policies and procedures reasonably designed to ensure compliance with their conflicts of interest and disclosure obligations, and maintain specified records related to those requirements.<sup>8</sup> The Commission believes that the information collection obligations imposed by Commission regulation 1.71 are essential to (i) ensuring that FCMs and IBs develop and maintain the conflicts of interest systems, procedures and disclosures required by the CEA, and Commission regulations, and (ii) the effective evaluation of these registrants’ actual compliance with the CEA and Commission regulations. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

With respect to the collection of information, the Commission invites comments on:

- Whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information will have a practical use;
- The accuracy of the Commission’s estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;

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<sup>3</sup> 17 CFR 1.71.

<sup>4</sup> 7 U.S.C. 6d(c).

<sup>5</sup> 77 FR 20198.

<sup>6</sup> For the definition of FCM, see section 1a(28) of the CEA and Commission regulation 1.3. 7 U.S.C. 1a(49) and 17 CFR 1.3.

<sup>7</sup> For the definitions of IB, see section 1a(31) of the CEA and Commission regulation 1.3. 7 U.S.C. 1a(33) and 17 CFR 1.3.

<sup>8</sup> See 17 CFR 1.71.

- Ways to enhance the quality, usefulness, and clarity of the information to be collected; and
- Ways to minimize the burden of collection of information on those who are to respond, including through the use of appropriate automated electronic, mechanical, or other technological collection techniques or other forms of information technology; e.g., permitting electronic submission of responses.

You should submit only information that you wish to make available publicly. If you wish the Commission to consider information that you believe is exempt from disclosure under the Freedom of Information Act, a petition for confidential treatment of the exempt information may be submitted according to the procedures established in § 145.9 of the Commission's regulations.<sup>9</sup>

The Commission reserves the right, but shall have no obligation, to review, pre-screen, filter, redact, refuse or remove any or all of your submission from <https://www.cftc.gov> that it may deem to be inappropriate for publication, such as obscene language. All submissions that have been redacted or removed that contain comments on the merits of the information collection request will be retained in the public comment file and will be considered as required under the Administrative Procedure Act and other applicable laws, and may be accessible under the Freedom of Information Act.

*Burden Statement:* The Commission is revising its estimate of the burden for this collection to reflect the current number of respondents. The respondent burden for this collection is estimated to be as follows:

*Estimated Number of Respondents:* 1,065.

*Estimated Average Burden Hours Per Respondent:* 44.5.

*Estimated Total Annual Burden Hours:* 47,392.

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<sup>9</sup> 17 CFR 145.9.

*Frequency of Collection:* As applicable.

There are no capital costs or operating and maintenance costs associated with this collection.

(Authority: 44 U.S.C. 3501 *et seq.*)

Dated: May 20, 2022.

Robert Sidman,

*Deputy Secretary of the Commission.*

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